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A

LETTER

(1)

ADDRESSED TO THE MASSES

OF THE

UNITED KINGDOM

BY ONE OF THE UNEMPLOYED.

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It is particularly requested that you will be good enough to discuss the views set forth in the accompanying pamphlet with your friends.

You cannot fail to be affected prejudicially by the disastrous contraction of the currency of the commercial world, whether you be capitalist or labourer.

The subject is one of the deepest gravity, and our legislators must be roused to the necessity for immediate action in the case.

F. C.

Kingston-on-Thames,

2nd July, 1888.

TO THE MASSES
OF THE
UNITED KINGDOM
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MY FRIENDS,

The subject of this letter will most probably take many by surprise, and may, very possibly, be attended with disappointment at first, until we come to understand from the observations submitted for our consideration, how deeply it affects the interests not only of ourselves, but of our Country. How, moreover, we have been blindly labouring on from year to year, complaining of bad times, and of bad trade, without making an effort to rectify the mischief, which has been so long at work ruining our property, our commerce, our manufactures, and our agriculture.

The subject of this paper is our CURRENCY, and the necessity for its reform,—under the changed circumstances in which the commerce of the world is now carried on.

Many will desire to know—What is CURRENCY? And how it can possibly affect us? The former question will be asked much more frequently than might be supposed; whilst the latter has been repeatedly addressed to the writer by clever men of business, commercial travellers, and others.

The general feeling is that Free Trade, at the present time, is at the bottom of all the evil which has befallen our commerce, whilst many attribute it to Trade Strikes, many to Foreign Immigration, and others to Drink !

It may safely be accepted that all these collectively contribute to the embarrassment of British Trade ; but the chief factor in the depression, which has been hanging over that trade for so many years, is the violent convulsion in the currency of the world, which took effect some 15 years ago, when silver was demonetised.

Mr. Henry Chaplin, M.P., speaking at the annual meeting of the Central Chamber of Agriculture, on the 7th December last, when the question of Fiscal Reform was under discussion, emphatically pointed out to the meeting that “ they should direct their efforts, as a united party, to a change in the *Currency laws* in the *first* place ; and then if that failed, let them go in thoroughly for *fiscal* reform.”

Now, the Royal Commission on Gold and Silver has been expressly appointed to report on this subject ; but it moves so slowly that the public are wearied with waiting, and, in the absence of any practical result being forthcoming, arrive at the conclusion that this Royal Commission, like many others, will end by a Report being presented and shelved, and by no action being taken in the matter. But our common interests demand that, whilst the classes are deliberating and delaying, the masses should be acting.

But, first of all, we have to make ourselves acquainted with our subject—CURRENCY, and how it operates in facilitating or embarrassing commercial affairs. CURRENCY is established by law and therefore can be reformed, whenever necessary, by law.

Patterson describes a sovereign as “ Royal currency,”—“ currency of the realm.” “ Silver pieces are coins of the realm, but not a legal tender beyond the amount of £2.” Bank of England Notes are Currency and legal tender. Such is the currency of the United Kingdom, which may be described as our home, or domestic currency.

Each foreign country has its own currency, some paper, some gold and silver, some gold only, some silver only ; suited to the necessities and wants of the respective Governments, and of the trade of the country.

But, besides home or domestic trade, it may be taken for granted that all countries have a Foreign, or International Trade, to which they have to adapt their domestic currency in settling their accounts—sometimes with considerable loss on one side, always with great inconvenience, for want of a common, or universal medium of Exchange.

International Trade has a currency of its own for the settlement of the bulk of its business, in the form of Bills of Exchange and Commercial Bills, and where the Imports and Exports of any two countries are pretty evenly balanced, their trading operations require only a small amount of specie (either gold or silver) for the purpose of adjustment. If, on the other hand, one country exports largely to another, and takes back from it only a small quantity of its produce or manufactures in return, then larger quantities of specie are necessarily required for the adjustment of the balance of trade between them.

If two countries have a currency common to both, or Stocks and Securities which may be substituted for currency, an adjustment is easily effected ; if one has a gold currency, the other a silver currency, the adjustment becomes more complicated ; but it will be readily understood that the adjustment will be greatly simplified if the two metals in the latter case bear a fixed relative value to each other. It is an approximation to a common or universal medium of Exchange. Formerly this was so, but as the practice is changed, whereby the value of one of the metals fluctuates from day to day, the settlement becomes intensely complicated, and trade is so harassed by these frequent changes, that a merchant buying produce to-day may be involved in loss on the morrow, by a rise or fall in Exchange, there being no fixity of price in the case of silver.

Hence it is of the first importance to prevent or minimise fluctuations in the currency of commerce, as being the measure of the value of commodities and manufactures

interchanged. Thus then we understand that though silver forms no part of the currency of this country, it necessarily enters into the currency of our Commerce, or International Trade. All our business with the East, which forms the largest part of our Foreign Trade, has to be adjusted and paid for in silver. Any disturbance, therefore, between the relative value of gold and silver must necessarily be an embarrassment to commerce, and in this way it may be seen how the question of our currency most seriously affects our interests, not only individually, but as a nation.

Prior to the Franco-German war both Gold and Silver were employed in commerce as Sterling Currency, circulating at $15\frac{1}{2}$ of silver to 1 of gold, with very trifling fluctuations. At that time the amount of gold and silver in circulation in the world, as money, was estimated at—

Gold ...	...	750	Millions	Sterling,
Silver ...	...	650	„	„
<hr/>				
Total ...	...	1,400	„	„
<hr/>				

After the Franco-German war—Germany demonetised its silver currency, and substituted gold in its place, whilst France discontinued the practice of receiving silver at her mints for coinage, in the above ratio of $15\frac{1}{2}$ silver to 1 of gold, as she had done from the beginning of the century up to that time. Consequently, as no other nation took up the duty of the free mintage of silver on the basis France had relinquished it, silver was thrown out of Sterling Currency thereafter, and became a commodity like Tin or Copper, unprotected by any legislation. On the other hand, Gold of a given purity was still protected by England, and purchased by the Bank of England, at £3 17s. 9d. per ounce, as by law established.

Now it has already been shown that prior to the Franco-German war commerce was carried on in the world with a circulation of 1,400 Millions of Gold and Silver combined. After that event, in consequence of the demonetisation of Silver, the gross sterling value of one of the precious

metals in circulation gradually diminished, until, at the present time, the money of the world is represented by—

Gold	...	...	...	750 Millions Sterling.
Silver (as before)...	650			
Depreciation in value	210			
		—	440	„ Equivt. „
Total	...		<u>1,190</u>	Millions Sterling.

The estimate of the amount of gold and silver used as sterling money in the world, in the year 1872 (see Parliamentary Report), has been taken, it will be observed, as representing the Silver and Gold coinage in circulation both before and after the Franco-German war. This may, or may not be in exact accordance with the facts, but it is sufficiently correct for our purpose to show that through the supineness, or want of comprehension on the part of our rulers, there has been lost, for the purposes of commerce, 210 Millions Sterling of the Currency.

Simultaneously and concurrently with this loss or contraction in the currency, trade became bad. All the accumulated wealth of England, in lands and other property, shipping, manufactures and agriculture, became depreciated in value, and will become still more depreciated, because we have already lost 210 Millions out of the purse of the world; and are likely to lose many millions more.

In saying trade became bad, it must be understood that though the volume of trade, after the Franco-German war, was as large, if not larger than before the war, its value began to decrease, and holders of accumulated wealth of all kinds, and merchants and traders up to the present time, are unable to realise former prices.

It requires no amount of acumen to understand that this contraction of the currency has very seriously affected the prices, not only of commodities, but of labour; and, therefore, it should be our united endeavour, as pointed out by Mr. Henry Chaplin, to direct all our efforts to a change in the *Currency laws*, in the first place.

Bankers, Financiers, Statisticians and others, will advance many subtle arguments in regard to *supply* and *demand*; of the relations between *debtors* and *creditors*; of *over-production*; and other [specious reasons against the restoration of silver to its old place in the currency; but our common sense tells us that the world at large will be better off if we unite with other countries, as we have been so frequently invited to do, and agree with them to restore that 210 Millions to the common purse.

Let an estate be put on the market at the present time; the almost certain result would be, that it would fail to realise one half of its original cost. Why? Because we no longer have the purchasing power we formerly had. The amount of Gold and Silver circulating as money in the world has become greatly contracted in its sterling value; silver having fallen from 650 Millions sterling prior to the Franco-German war to 440 Millions sterling at the present time; although, be it understood, silver pieces, circulating as money, remain approximately the same in number and denomination.

Mr. Chaplin, in the late debate on Mr. Collings' Small Holdings Bill, remarked that "the Hon.-member (Mr. Collings) had drawn attention to the extraordinary diminution of the rural population, which he proposed to stop by bringing about a much wider distribution of the land. He sympathised altogether with that object, and should do so if he only considered the question on political grounds. As a matter of fact, land at the present moment was exceedingly difficult to let, and almost impossible to sell; in fact, in thousands of cases it was practically an unmarketable commodity, and he could not conceive a greater boon to the landowners than to provide them with a first-rate market for an article which so many of them were anxious to dispose of."

Again, in the Bankruptcy Court—Wednesday, 16th May, *Re Viscount Canterbury*—Viscount Canterbury is reported to have "stated that he succeeded to the title in 1878, on the death of his father. The Estates were mortgaged to their full value, and he now derived no income therefrom.

Landed property had depreciated to the extent of 40 per cent. during the last few years, and this had largely contributed to his insolvency." And so things will go on until we reform our Currency laws.

We have a Conference deliberating for the express purpose of doing away with the "Sugar Bounties," affecting the interests of a few thousands only of our own population, whilst we are weighting our lands, landowners, and all our Agricultural labourers with the ever-increasing bounty we are paying to the Indian Ryots for their wheat. In other words, we ask foreign countries to withdraw their bounties whilst we are continuing our own.

So long as we abstain from joining other nations in re-establishing Silver as sterling currency, so long shall we be offering bounties to aliens to drive our own agricultural population from off the face of the land by their cheaper products. It is a marvellous conceit that we Englishmen entertain of our common sense, and consistency, when we find ourselves engaged, on the one hand, in an endeavour to agree with other countries for the abolition of their bounties; and refuse, on the other hand, to join them in taking any step which would wipe out the bounties we are paying to others—to the destruction of our Agriculture, and every other industry in the country.

To restore Silver to its old position, and so to recover the 210 Millions lost, is what the Bi-metallists are endeavouring to bring about. They have succeeded in winning over many conspicuous men in the *classes* to an understanding of the subject, but it now becomes the duty of the *masses* to use the power given to them, and aid, by their suffrages, the Bi-metallists, and through them educate the *classes* as to what their duty is in regard to this subject. We must place Bi-metallism, or, in other words, an expansion of the currency, on the platform of politics, as the most vital question of the day.

To secure this end we must have a Plan of Campaign—not one of blood, plunder, intimidation and repudiation,

but one of intelligence—using the power which the law has placed in our hands, and giving our political support to those only who are Bi-metallists.

No doubt we shall be called mono-maniacs, like all Bi-metallists before us, but we can have no difficulty in discerning that that epithet more fitly suits Mono-metallists than Bi-metallists. Let us go forward then to the hustings, and polling places, with the single object in view to recover the 210 Millions, which our rulers appear to be so unwilling to realise. Let us vote for those only who are proved Bi-metallists.

The present Government is a strong one, and a popular one, and, in the person of Mr. Goschen, has a most successful Chancellor of the Exchequer, and one who, it is believed, is a Bi-metallist at heart. Let the present Government, therefore, give heed to the wants of the masses, and be prepared either to agree to this expansion of the currency, or to give up their places to those who have the intelligence to understand that the restoration of Silver to its old place in the currency will do more to satisfy the wants of our commerce, our industries, and our Agriculture, than any other measure that can be proposed to restore the equilibrium which the action of Germany and France, since the Franco-German war, has unfortunately destroyed.

F. C.

KINGSTON-ON-THAMES,

18th June, 1888.

